

The Corporation of New College Durham

**Minutes of the Finance and Resources Committee
meeting held on 10 May 2023**

Present:

Stephen King (Chair)
Joy Brindle
Andy Broadbent
Christine Warren
Chris Patterson

Apologies:

Karl Fairley
Alison Maynard

In attendance:

Paul Bradley (Chief Finance Officer)
Bob Metcalf (Executive Director of Finance and Corporate Services)
Elaine Bonham (Executive Director of HR and Corporate Services)
Nik Whiting (Executive Director of ICT and Corporate Services)
Kimberly Stevenson (Executive Director of Estates, Facilities and Corporate Services)
Adele Dowson (Vice Principal, Curriculum)
Caroline Winter (Head of Governance & Corporation Secretary)

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23/17 Chair's introduction

The Chair welcomed everyone to the meeting. No interests were declared in any item of business to be discussed at the meeting.

23/18 Apologies for absence were received from Karl Fairley and Alison Maynard.

23/19 Minutes of previous meeting

The minutes of the meeting held on 8 February 2023 were agreed as accurate and signed by the Chair.

23/20 Matters arising

23/04 - (arising from previous minute 22/68) – the confirmation statement for Westfirst was filed with the change in scope from energy supply to 'other letting and operating of own or leased real estate'.

23/11 – Gender pay reporting would be raised at the next regional meeting with an update to the next meeting of the Committee.

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23/11 - updates were made to the Gender pay report before publication.

23/21 IT Projects Update 2022/23 (Paper B)

Nik Whiting presented Paper B, an update on College IT projects during 2022/23.

Members noted the strategic aim of the ICT department was to support staff and students with technological developments as they continued to influence and change all aspects of their work. Nik highlighted several key projects progressing in the current year. The new Student Management Information System (SMIS) had been fully implemented and a post project review was scheduled for a forthcoming meeting of the Business Systems Group (BSG), however early indications from staff using the system had been very positive. All project objectives had been achieved in generating cost savings and increasing efficiency. Implementation of enhancements to the College's disaster recovery platforms had been completed, which would enable the College to recover its systems in the event of a disaster interrupting the service. Implementation of Phase 1 of the new HR/payroll system was also complete, including the core database, payroll and payslip self-service for staff, employee requests and leave. Nik highlighted developments in IT equipment management to ensure equipment was utilised efficiently and to manage replenishment so that all equipment was up to date and compatible with systems across the College.

Members noted the close working within Corporate Services to support the estates and sustainability strategies and respond to demand for development and modernisation of services. Examples included recycling of old IT equipment that was given away to staff, classroom refurbishments and development of specialist rooms e.g. E-sports, and supporting the capital investment programme through provision of supporting IT infrastructure and equipment at new premises in Ashington, Promotion House and The Hub. Looking to the future, members noted the Roadmap for 2023/24 which outlined future activity including developments in AI, Phase 2 of the HR system and replacement of software in key estates and finance management systems.

Members welcomed the opportunity to understand the full range of projects that would strategically support the College. In response to questions about future-proofing in the face of continued advancements in technology and the approach to data retention when moving to new systems, Nik advised that the College had a business case process for investment in new systems and a robust replenishment strategy to ensure use of equipment resources was maximised where possible but replaced at the right time. Data retention was managed in accordance with the requirements of the individual project and it was noted that a decommissioning process was being worked through to deal with the HR data from the old system. Members asked about the data benefits from the new system and Nik confirmed these were already being realised

through improved data quality, a move to automated processes and additional benefits in accessing Power BI, with more efficiencies anticipated when further conversion work was completed.

Members sought assurance on the frequency of testing the disaster recovery system and commented on the importance of training, noting the investment in staff training, support from the Technology Enhanced Learning (TEL) Team, emphasis on digital skills in recruitment and a dedicated IT training officer.

Members asked about potential resource constraints on delivering the roadmap and noted that all projects were fully risk assessed alongside consideration of resource implications and noted examples of projects being rejected or deferred until sufficient project management, training, financial and other resources were available.

Members noted the report.

23/22 Estates and Sustainability Update (Paper C)

Kimberly Stevenson presented Paper C, which updated on progress against the estates sustainability aims and key targets.

Kimberly explained that activity was primarily focused on modernisation of the College in line with the curriculum strategic direction and highlighted the extensive modernisation programme including creation of an E-Sports facility, the proposed relocation of the training restaurant to increase capacity and extend its hours of use, creation of a multi-purpose staff room with additional meeting space, modernisation of HE classrooms, standardised rooms, creation of flexible space, all of which needed to be fit for purpose and consistent with the life cycle plan. An ongoing programme of building, plant and equipment maintenance was in place to maintain a positive environment for students. Members noted the successful refurbishment of the Ashington property with five classrooms and workshop space to support commercial training provision and the work to development Promotion House.

The College had ambitious targets for sustainability and members noted the 4.5% decrease in gas and electric consumption achieved over the winter resulting from upgrades and adaptations of site plant and equipment. Whilst water consumption had increased, this was due to the ongoing constructions works on The Hub. There had been a significant decrease in level of waste produced and the increase in recycling rate had already achieved the current year's target.

Members noted the College was following the climate road map and was implementing a range of initiatives to support sustainability efforts, including the creation of a sustainability working group to drive the agenda forward for the College, carbon

literacy training for staff and students to raise awareness and improve individuals' impact, measurement of carbon emissions, lockable bicycle storage and the installation of 16 electric vehicle charging points and one for curriculum use. The College had again secured accreditation for its energy performance and was taking this further in seeking to achieve ISO50001, a globally recognised energy management accreditation.

Members welcomed the updates and discussed the importance of developing the estate in line with the strategic vision and masterplan/blueprint for the site whilst still retaining the flexibility to respond to changing circumstances at the College and externally. Management discussions considered the potential use of current premises and looked three years ahead, considering the potential impacts of FE and HE reform on student numbers and horizon-scanning across a range of policy and other factors. It was welcomed that government had issued specific guidance for FE colleges and members noted the Association of Colleges (AoC) also had a dedicated group to support a consistent approach across the sector. Members asked about the impact of the recruitment challenge on the modernisation programme and noted that whilst this was a risk, it was being managed. Working with external contractors represented the greatest area of risk as internal modernisation and maintenance was undertaken by the estates team and plans for the College to grow its own staff to address recruitment gaps were progressing.

Members asked for clarification on the RAG rating in the report in relation to the financial indicators in particular. It was noted that while they were rated amber, this represented the current point in time and the College was in a good position at this point in the year and the position would continue to be monitored over the year.

Members noted the report.

23/23 Financial Monitoring to 31 March 2023 (Paper D)

Bob Metcalf presented Paper D, which provided the financial position of the College at 31 March 2023.

Members noted the forecast surplus was projected to be £728,000 which was £447,000 above the starting budget of £281,000.

Apprenticeship income had reduced to £4,969,000 following the Term 1 update and members noted that a significant reduction in income related to the decision by Tyne and Wear Fire and Rescue Service to deliver their own training. Adult Education Budget income had increased following notification from the ESFA of an in-year increase of 2.2% to adult funding rates across all subject areas. The College expected to receive an additional £77,000 as a result of the announcement and this had been factored into current forecasts. European Social Fund (ESF) income was currently slightly below target however it was expected that the target would

be achieved, and it was noted that one project had exceeded target by £100,000 which would be reflected in the surplus.

Savings from staff vacancies were continuing although the position was not as severe as the previous year. Progress was being made on recruitment, but there were overspends in some areas due to the need to use external agency to fill teaching posts. This was being addressed as part of the discussions with Heads of School on 2023/24 budgets and all areas would be reviewed to understand recruitment needs for next year. Staffing contingency was currently £270,000 with £50,000 expected to be used by the end of the year. Non-staff contingency was £252,000 and members noted that it was expected some of this would be used before the year end, highlighting end point assessments at this time of year and the increase in use and cost of materials. Whilst there were still a number of factors to take into account, it was expected that the overall surplus would increase further before the year end.

In response to a member's question about the T level pilot funding, Bob advised that interest in the programme had been low and this was reflected nationally rather than being a College-specific issue. Members discussed the increased spend on agency staff, noting this reflected both the ongoing recruitment challenge but also a significant increase in agency rates on the previous year. Members noted the flexible approach to appointing staff to cover gaps and were supportive of recruiting slightly over the curriculum plan in appropriate circumstances. It was noted that a support programme was also being implemented to support staff that were new to teaching.

Members discussed the reduced EBITDA position and reiterated the discussion at the recent strategic review day, that any change to approach in maintaining the outstanding financial position would need to be a conscious and considered decision taking into account the potential implications.

Members noted the financial position to 31 March 2023.

23/24 Westfirst Financial Monitoring to 31 March 2023 (Paper E)

Members reviewed the financial position of Westfirst limited to 31 March 2023. The accounts showed a profit of £518 for the period and a net liability position of £4,259.

Members noted the report.

23/25 Artificial Grass Pitch and Car Park Project (Paper F)

Paul Bradley presented Paper F, which presented the business case for the proposed Artificial Grass Pitch (AGP) and car park relocation project.

Members noted that the initial proposal for an AGP was discussed by Corporation on 10 March 2021. The paper presented the curriculum case for the project, citing the gradual decline in NCD sports student numbers, the quality of the College's existing facilities in comparison with others, the transport and hire costs to use the facility at Consett Academy under the current arrangements, the potential enhancement that an AGP would bring in terms of increased student numbers in sports and across the wider curriculum and the opportunity to work with other partners and create pathways for students into the semi-professional game. Paul advised that the only change since initial consideration of the strategic site masterplan was that the AGP would run North to South rather than East to West in accordance with Football Association recommendations for football pitches. Positive pre-planning advice had been received from Durham County Council. Members noted the high level project timeline, with the award of tender subject to Corporation approval.

Paul advised that the estimated cost of the project was £5.941m broken down into £2.285m for the AGP and £3.656m for the car park and including a contingency of £0.654m. As Chief Finance Officer his recommendation was that the project was affordable and would leave an estimated £7.065 (15%) in reserves. The Net Present Value (NPV) of the AGP would yield a positive position in year 8 of operation.

Members discussed the business case in detail, considering the projected sports enrolments with and without the new pitch, the difficulties in quantifying increased footfall that could be attributed to new facilities, the growth of sports in the context of the strategic direction of the College, the wider benefits of a facility that would serve students across all curriculum areas and significantly enhance the enrichment offer, the contribution to mental health and wellbeing from the College's sports and exercise offer which was currently limited, the anticipated wider community use and resulting commercial income, the ability to attract parents of junior teams to the site who may not have visited the College before, the expectations of students attending the College from institutions which had these facilities, the impact on the HE offer, the current lack of AGPs in Durham, the need to upgrade the existing changing facilities, the impact on the landscaping of the site, the implications for unlocking the rest of the site by relocating the car park, the NPV when including the car park relocation, the option of not including the car park element in the current project and the potential consequences of doing nothing including funding clawback and reduced student numbers.

Members emphasised the need to scrutinise the business case in light of the proposed costs and Paul advised that the projections on both student numbers and commercial income were very prudent. It was agreed that the wider benefits of the project were a significant consideration and although it was recognised these were hard to quantify, members asked that these were reviewed

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for inclusion in the business case before consideration by Corporation. Members also recalled the initial board discussion in 2021 on the feasibility study and that members at the time had been surprised to learn how poorly the facilities compared with the College's competitors. A broader conversation at that time had considered the wider strategic vision and aspiration to be the College of choice. Members asked about the potential for the cost estimates to increase and Paul confirmed this was possible and highlighted the proposed inclusion of the contingency. In response to a question about the expected lifetime of the pitch, Paul confirmed that whilst the infrastructure would remain, the surface would need replacing every 10 years and this had been factored in to the NPV.

Members agreed to recommend that Corporation proceed to full planning application and tender stage with the estimated budget of £5.941m, subject to the proposed amendments to business case.

23/26 Capital Projects Update (Paper G)

Paul Bradley presented Paper G, which updated on the College's major capital projects.

The Hub Members reviewed the project progress reports appended to the report. The building was on track for September opening and a site visit by DfE representatives was scheduled for later in the week. All orders for furniture, fittings and equipment had been submitted and activity was expected to significantly increase in the forthcoming weeks.

Artificial Grass Pitch Members noted the current position as outlined in the previous item.

Promotion House Members were updated on additional costs that were expected in excess of the budget as a result of the level of asbestos in the roof of the building and necessary works required.

Members asked about the timescale for commencing delivery at Promotion House and sought assurance that suppliers had confirmed services e.g. broadband would be achieved in time for opening.

Members noted the progress on THE Hub, the Artificial Grass Pitch Project and Promotion House.

23/27 Monitoring of HR Policies and Procedures (Paper H)

Elaine Bonham presented Paper H, which provided an overview of the application of key HR policies and procedures between 1 April 2022 and 31 March 2023.

Members noted a decline in the number of disciplinary investigations compared with the previous two years. There had

however been an increase in claims under both the Grievance Procedure and the Prevention of Harassment, Bullying and Victimisation policy. Elaine explained that research indicated this pattern was reflected across many organisations and reflected a change in the dynamic of the employee/employer relationship. The research report suggested a key factor was the failings of management to deal with minor issues and whilst this could be seen in some of the cases in the College it was not a factor in all. Members noted an increase in the number of Performance Improvement Plans (PIPs) over the last two years, which appeared to reflect the College's journey to outstanding and revised quality procedures to address poor teaching practice in a timely manner.

There had been one Employment Tribunal claim during the period which had been subsequently withdrawn by the claimant. It was noted that the College solicitors were confident that the College would have successfully defended the claim had it progressed to tribunal. Elaine emphasised that each application of a formal HR process was viewed by the College as an opportunity to reflect on any lessons learned, mitigate any potential reoccurrence and ensure consistent practice across the College.

Members discussed potential reasons for the increase in bullying cases and noted this was not in proportion to an increase in staff numbers and was a national trend post-covid. Whilst the number of cases was still relatively small, the additional workload in dealing with investigations, impact on relationships and investment in mediation represented a challenge. Members also noted the rationale for inclusion of PIP information in the report as a formal College HR procedure in terms of addressing performance concerns as well as inclusion in papers to the Further Education Quality Curriculum and Students Committee. In response to a member's question, Elaine confirmed that some changes would be proposed to certain procedures when investigations had concluded.

The Chair emphasised that the focus of the Committee should remain on policy issues rather than individual cases and thanked Elaine for a very good paper.

Members noted the report.

23/28 Mental Health and Wellbeing Strategy Update (Paper I)

Elaine Bonham presented Paper I, which updated on activity undertaken since the introduction of the Mental Health and Wellbeing Strategy in December 2020.

Members noted the extensive range of initiatives introduced over the 18 months since the previous update and the positive feedback from staff emerging from the current year's staff survey responses. Elaine advised that mental health was only one factor contributing to sickness absence and that unfortunately the absence rate for the

College had peaked in 2021/22 at 4.39%, the highest level the College had seen in recent years.

Elaine emphasised that the College was committed to mental health and wellbeing as a strategic priority and members noted the College had signed the Mental Health at Work Commitment and its continued engagement with the Better Health at Work Award. It was noted that separate strategies were currently in place for staff and student mental health and wellbeing however the paper proposed to align the approach under a combined strategy and action plan for both groups. In response to a member's question Elaine confirmed that the principles in each strategy dealing with staff and students' mental health and wellbeing were the same but there were some specific responsibilities in each case. The proposal to develop a joint approach was also informed by a review of the approach at other outstanding colleges, and the action plan would set out actions that were tailored specifically to students or staff. It was noted that each of the Finance and Resources, Further Education Quality Curriculum and Students and the Higher Education Quality Curriculum and Students Committees should have the opportunity to consider the combined strategy when developed.

Members approved the proposal to develop a combined staff and student strategy.

23/29 Any other business

None.

23/30 Date of next meeting: 13 June 2023.

Members were reminded that the next meeting would be extended by 30 minutes to include the Review of Committee Effectiveness.

Signed.....**Date**.....